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10 UNITED STATES BANKRUPTCY COURT
11
12 CENTRAL DISTRICT OF CALIFORNIA
13
14 LOS ANGELES DIVISION

15 In re:
16
17 HALSEY McLEAN MINOR,
18
19 Debtor.

20 Case No. 2:13-bk-23787-BR

21 Chapter 7

22
23
**CHAPTER 7 TRUSTEE'S MOTION FOR
ORDER APPROVING STIPULATION
AMONG CHAPTER 7 TRUSTEE, UNITED
STATES OF AMERICA, AND
FRANCHISE TAX BOARD REGARDING
PAYMENT OF CLAIMS; DECLARATION
OF JASON M. RUND IN SUPPORT
THEREOF**

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Hearing

Date: October 3, 2018
Time: 10:00 a.m.
Place: 1668
United States Bankruptcy Court
255 E. Temple Street
Los Angeles, CA 90012

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1 **TO THE HONORABLE BARRY RUSSELL, UNITED STATES BANKRUPTCY JUDGE,**
2 **THE UNITED STATES TRUSTEE, THE DEBTOR, ALL PARTIES-IN-INTEREST**
3 **HEREIN AND THEIR RESPECTIVE COUNSEL:**

4 Jason M. Rund, Chapter 7 Trustee (the “Trustee”) of the bankruptcy estate of Debtor
5 Halsey McLean Minor (“Minor” or the “Debtor”), hereby moves the Court (the “Motion”) for
6 entry of an order pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure approving
7 a proposed resolution among the Trustee, the United States of America (“United States”) on
8 behalf of its agency, Internal Revenue Service (“IRS”), and the State of California Franchise Tax
9 Board (the “FTB”) regarding the claims filed against the bankruptcy estate by the IRS and the
10 FTB, as set forth in the concurrently filed *Stipulation Among Chapter 7 Trustee, United States of*
11 *America, and Franchise Tax Board Regarding Payment of Claims* (the “Stipulation”) [Docket
12 No. 447]. The Stipulation provides for the allowance of the secured, priority and general
13 unsecured claims of the IRS and the FTB so that the Trustee can prepare and submit his Final
14 Report and Account. A copy of the Stipulation is attached as Exhibit 1 to the accompanying
15 Declaration of Jason M. Rund (the “Rund Declaration”).

16 As contemplated by the Stipulation, the IRS Claim¹ shall be allowed as a secured claim in
17 the amount of \$586,604.12, a priority claim in the amount of \$997,869.07, a general unsecured
18 claim in the amount of \$19,706,386.41, and a subordinated claim for penalties in the amount of
19 \$4,625,648.18. The FTB Claim shall be allowed as a secured claim in the amount of \$90,000.00,
20 a priority claim in the amount of \$1,168,333.97, a general unsecured claim in the amount of
21 \$5,993,431.91, and a subordinated claim for penalties in the amount of \$2,558,280.36. In support
22 of his Motion, the Trustee respectfully represents and shows as follows.

23 **I. JURISDICTION**

24 The Court has jurisdiction over this case, the Debtor’s estate, and this matter pursuant to
25 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The
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28 ¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Stipulation.

1 venue of the case is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the
2 relief requested herein are sections 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019.

3 **II. INTRODUCTION**

4 The Trustee is holding approximately \$3.6 million, which is the result of the liquidation of
5 numerous assets of the bankruptcy estate. Both the IRS and the FTB filed very large secured and
6 priority claims against the bankruptcy estate. Without a resolution of the secured claims that
7 fixes their allowed amounts in relation to the cash held by the Trustee, distribution of the funds
8 held by the Trustee and the prompt closure of the Debtor's bankruptcy case will be impossible.
9 Because the liens of the IRS and the FTB overlap, it is critical that the Stipulation be approved to
10 reflect the agreement between them as well as with the Trustee to provide direction to the Trustee
11 on how to distribute the funds in his possession.

12 As discussed in more detail below, while a portion of the funds now held by the Trustee
13 are subject to the secured claims of the taxing authorities, some of the funds are not, including
14 with respect to the amounts which the estate received as "carve-outs" from secured claims after
15 the sale of assets. The relief proposed in the Stipulation also clarifies the characterization of this
16 cash, which will allow the funds the Trustee is holding to be distributed according to the priorities
17 set forth in the Bankruptcy Code. Indeed, as soon as the Stipulation is approved, the Trustee
18 intends to submit his Final Report and Account in this bankruptcy case to the United States
19 Trustee. Therefore, the Trustee requests that the Motion and the Stipulation be approved.

20 **III. FACTUAL BACKGROUND**

21 **A. General**

22 The Debtor commenced the within bankruptcy proceeding by filing a voluntary Petition
23 under chapter 7 of Title 11 of the United States Code, §§ 101 et seq. (the "Bankruptcy Code") on
24 May 24, 2013 (the "Petition Date"). The Trustee is the duly appointed and acting chapter 7
25 trustee of the Debtor's bankruptcy estate herein. The first meeting of creditors pursuant to section
26 341(a) of the Bankruptcy Code was initially set for June 17, 2013 and then was rescheduled to
27 July 8, 2013. The meeting was continued from time to time and later concluded. October 21,
28 2013 was the deadline for non-governmental entities to file proofs of claim. The Court has

1 approved the employment of counsel and accountants to provide assistance to the Trustee in his
2 administration of the estate. Rund Decl., ¶ 4.²

3 The Debtor filed his Amended Schedules of Assets and Liabilities [Docket Nos. 74 and
4 75] (“Amended Schedules”) and Statement of Financial Affairs (“SOFA”), which list assets of
5 over \$30 million and liabilities of over \$50 million. The Trustee reviewed the Amended
6 Schedules and SOFA, as well as additional documents which the Debtor has supplied. The
7 Trustee, his counsel and his forensic accountants worked to gain a better picture of the financial
8 circumstances of the Debtor and the bankruptcy estate. Based on their investigation, the Debtor’s
9 financial affairs were wide-ranging and complex. Rund Decl., ¶ 6.

10 Since the Petition Date, the Trustee has liquidated various assets of the Debtor’s
11 bankruptcy estate. In total, the Trustee has received total proceeds of \$30,459,355.70 and, after
12 paying secured claims, real property taxes, and costs of sale in the collective amount of
13 \$26,219,996.10, received net proceeds of \$4,403,761.32. Exh. 1, Stipulation, ¶ I. As reflected in
14 the Paragraph O of the Stipulation, the Trustee has also paid \$751,605.84 in administrative
15 expenses.³ Therefore, the Trustee is now holding approximately \$3.6 million. Rund Decl., ¶ 7.

16 **B. The Tax Claims Filed by the IRS and the FTB**

17 From the outset of the bankruptcy case, it was understood that large pre-petition tax
18 claims against the Debtor were one of the main reasons that he filed a chapter 7 bankruptcy case.
19 The Debtor’s pre-petition litigation with Sotheby’s, Inc. (“Sotheby’s”) also put significant
20 financial pressure on the Debtor.

21 On July 16, 2013, the FTB filed a claim in the amount of \$8,388,983.08 as a secured
22 claim for state income taxes owed by the Debtor for tax years 2007, 2008, 2009 and 2012, which

23
24 ² As noted in the Debtor’s Petition, two apparent affiliates of the Debtor previously filed chapter 11 cases, both of
which cases are now closed. Minor Family Hotels, LLC commenced a chapter 11 case on September 1, 2010 in the
25 United States Bankruptcy Court for the Western District of Virginia, Case No. 10-62543. On or about September 16,
2013, the case was converted to a chapter 7 case, and on April 28, 2015 it was closed. Carter’s Grove, LLC
26 commenced a chapter 11 case on February 14, 2011 in the United States Bankruptcy Court for the Northern District
of California, San Francisco Division, which case was transferred to the United States Bankruptcy Court for the
27 Eastern District of Virginia, Case No. 11-51330-SCS. That case was closed on June 25, 2015. Rund Decl., ¶ 5.

28 ³ The amount set forth in Paragraph O of the Stipulation is as of April 30, 2018. Since that date, bank and bond
charges have continued to accrue and be paid. All such amounts will be reflected in the Trustee’s Final Report and
Account. Rund Decl., ¶ 7.

1 claim was denominated as claim no. 1 on the Claims Register maintained by the Clerk of the
2 Court for the Debtor's bankruptcy case. On May 7, 2015, the FTB filed an amended claim in the
3 amount of \$9,790,046.24, as a secured claim in the amount of \$8,388,983.08 and a general
4 unsecured claim in the amount of \$232,729.19. The FTB also asserts that its amended claim is
5 entitled to priority pursuant to 11 U.S.C. § 507(a)(8) in the amount of \$1,168,333.97 (such claim,
6 as amended, herein the "FTB Claim"). A copy of the FTB Claim is attached as Exhibit A to the
7 Stipulation.

8 On March 9, 2018, the IRS filed an amended claim in the amount of \$25,916,478.45,
9 consisting of a secured claim of \$24,857,210.48, a priority claim of \$997,869.07, and an
10 unsecured general claim of \$61,398.90 for unpaid federal income taxes owed by the Debtor for
11 tax years 2007, 2008, 2009 and 2011, which claim was denominated as claim no. 3-2 on the
12 Claims Register maintained by the Clerk of the Court for the Debtor's bankruptcy case (such
13 claim herein the "IRS Claim"). A copy of the IRS Claim is attached as Exhibit B to the
14 Stipulation.

15 As set forth in the IRS and FTB Claims, on the Petition Date, the IRS and the FTB
16 asserted liens against substantially all of the Debtor's assets. As set forth in further detail therein,
17 the FTB Claim consists of \$5,143,638.00 in taxes, \$2,337,594.36 in penalties, \$907,666.72 in
18 interest, and \$84.00 in costs. A schedule of the liens filed by the FTB is also included with the
19 FTB Claim. The IRS Claim consists of a secured claim in the amount of \$16,931,656.79 in taxes,
20 \$4,625,648.18 in penalties and \$3,299,905.51 in interest. A schedule of the Notices of Federal
21 Tax Lien filed by the IRS is included as part of the IRS Claim.

22 **C. The Sales of the Debtor's Real Properties Approved by the Bankruptcy Court**
23 **and the Carve-Outs Received by the Bankruptcy Estate**

24 Immediately after the Petition Date, the Trustee commenced his efforts to liquidate the
25 various assets of the bankruptcy estate, including those real properties listed on the Debtor's
26 Schedule A, 822 Sarbonne Road, Los Angeles, CA 90077 (the "Sarbonne Property") and the
27 residential real property collectively known as 3800-3810 Washington Street and 125 Maple
28 Street, San Francisco, CA 94118 (the "San Francisco Property"). On February 25, 2014 the Court

1 entered its order [Docket No. 179] approving the sale of the Sarbonne Property free and clear of
2 all liens, claims, and interests for \$11,100,000.00. The sale of the Sarbonne Property closed on
3 March 12, 2014. On May 18, 2016, the Court entered its order [Docket No. 335] approving the
4 sale of the San Francisco Property free and clear of all liens, claims, and interests for
5 \$15,750,000.00. The sale of the San Francisco Property closed on July 14, 2016. Rund Decl.,
6 ¶ 12.

7 In addition to his efforts with respect to the Sarbonne and San Francisco Properties,
8 the Trustee worked on the marketing of that certain real property commonly known as Fox Ridge
9 Farms, 2800 Ridge Rd., Charlottesville, VA 22901 (the “Fox Ridge Farms Property”). The Fox
10 Ridge Farms Property was owned by Fox Ridge Farms Holdings, LLC, a Virginia limited liability
11 company (“FRF”), the membership interests of which were 100% owned by the Debtor. These
12 efforts were also successful. The Bankruptcy Court approved the sale of the Fox Ridge Farms
13 Property by FRF for \$7,500,000.00 by order entered on June 13, 2014 [Docket No. 233] (the
14 “FRF Sale Order”). The sale of the Fox Ridge Farms Property closed on June 27, 2014. Rund
15 Decl., ¶ 13.

16 From the sales of the Sarbonne, Fox Ridge Farms, and San Francisco Properties, the
17 Trustee received “carve-outs” of \$500,000.00, \$232,589.72, and \$426,569.20, respectively. Each
18 of the carve-outs was highly negotiated, extensively documented, and noticed, disclosed, and
19 approved in conjunction with the sales of each of the Properties.

20 With respect to the sale of the Fox Ridge Farms Property, as discussed in the Stipulation,
21 the FRF Sale Order directed that the carve-out amount be held in the Segregated Account.
22 Thereafter, by its order dated July 5, 2017 [Docket No. 430], the Bankruptcy Court approved a
23 compromise between the Trustee and Watt, Tieder, Hoffar & Fitzgerald, LLP, a Virginia Limited
24 Liability Partnership doing business in California (“WTHF”), by which WTHF received
25 \$50,000.00 from the Segregated Account to resolve its claim to a portion of the Segregated
26 Account. Also as set forth in the Stipulation, after payment to WTHF and the payment of bank
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1 fees related to the Segregated Account, as of April 30, 2018, the Segregated Account held
2 \$215,212.41.⁴ Rund Decl., ¶ 15; Exh. 1, Stipulation, ¶ K.

3 **D. The Compromise With Sotheby's and the Other Avoidance Recoveries**

4 As demonstrated by Paragraph L of the Stipulation, another area of emphasis of the work
5 by the Trustee was the review and analysis of the Debtor's pre-petition settlement agreement with
6 Sotheby's, including the property already sold in conjunction with the settlement and the property
7 which was to be sold. The Trustee also received \$32,000.00 from Shannon Minor, the Debtor's
8 wife, after a resolution of avoidance claims asserted against her by the Trustee related to the
9 transfer of a club membership [Docket No. 309]. In addition, the Trustee also asserted claims
10 with respect to the substantial penalties which had accrued as a result of the delinquent real
11 property taxes owing to the Los Angeles County Treasurer and Tax Collector (with respect to the
12 Sarbonne Property) and the City and County of San Francisco, Office of the Treasurer and Tax
13 Collector (with respect to the San Francisco Property). The resolution of these matters, and the
14 cash received by the bankruptcy estate, are discussed in turn below.

15 Prior to the Petition Date, Sotheby's, which had obtained a judgment against the Debtor,
16 took possession of valuable personal property (comprised of art, home furnishings and
17 collectibles) of the Debtor. A receiver (the "Receiver") was appointed by the United States
18 District Court for the Southern District of New York (the "SDNY District Court") to oversee the
19 sale of the property. After negotiations among Sotheby's, the Debtor, the IRS and the FTB
20 (which claimed liens in the property that was in the Receiver's custody), it was decided that the
21 FTB would receive the first \$2.5 million of the property sold, and the remainder of the net
22 proceeds would be split between Sotheby's and the IRS. The Trustee asserted that the agreement
23 and the payments to Sotheby's were potentially avoidable. After a long negotiation, the Trustee
24 and Sotheby's entered into a proposed compromise of the Trustee's claims.

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28 ⁴ The figure of \$232,589.72 in Paragraph J represents the amount originally designated for the Segregated Account, \$282,589.72, less the \$50,000.00 payment to WTHF.

1 By order dated May 13, 2015 [Docket No. 289], the Bankruptcy Court approved the
2 proposed compromise among the Trustee, the Receiver⁵ and Sotheby's by which (i) Sotheby's
3 would pay the estate \$150,000.00; (ii) the Receiver would pay to the Trustee one-half of what
4 would have gone to Sotheby's under the original agreement, and (iii) the Receiver would pay
5 what would originally have been paid to the IRS to the Trustee (subject to the IRS lien). The
6 Trustee has since received a total of \$1,001,901.01 on account of the Sotheby's settlement,
7 \$415,296.89 on account of amounts that might otherwise have been paid to Sotheby's (including
8 the proceeds of a painting which Sotheby's determined it could not sell) and \$586,604.12
9 representing the "IRS Sotheby's Share" under the terms of the Sotheby's compromise. Rund
10 Decl., ¶ 18.

11 In addition, the Trustee received \$72,841.81 and \$91,059.90, respectively, from the Los
12 Angeles County Treasurer and Tax Collector and the City and County of San Francisco, Office of
13 the Treasurer and Tax Collector. The amounts were received after resolution of the Trustee's
14 claims that he could avoid any amounts paid as penalties to those taxing authorities upon the
15 closing of the sales of the Sarbonne and San Francisco Properties [Docket Nos. 174 and 399].

16 **E. The Other Assets of the Estate Liquidated by the Trustee**

17 During the administration of the Debtor's bankruptcy estate, the Trustee also liquidated a
18 number of additional assets, including (1) an Audi motor vehicle (\$8,100.00); (2) bank and
19 brokerage accounts at Goldman Sachs, Comerica Bank, Merrill Lynch, and Morgan Stanley, as
20 well as an interest in an investment fund through Red Point and a miscellaneous mortgage
21 repayment (\$94,956.12); (3) stock in Sahale Snacks, Inc., a closely held company which was sold
22 during the administration of the estate (\$1,838,206.05); (4) art work formerly located at the San
23 Francisco Property, which was auctioned by Harvey Clars auctioneers (\$75,537.50); and (5) art
24 work located at L.A. Packing, Crating & Transport, Inc., a storage facility which held the art
25 work and which asserted a lien for storage charges (\$30,000.00). With respect to these interests,
26 the Trustee received a total of \$2,046,799.67. Rund Decl., ¶ 20.

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28 ⁵ The Receiver was also a party to the compromise, and the Receiver's entry into the settlement with the Trustee was
also approved by the SDNY District Court.

1 **F. The Proposed Compromise and the Stipulation with the IRS and the FTB**

2 As set forth in the Stipulation, and subject to the approval of the Bankruptcy Court after
3 notice to creditors, the Trustee, the IRS and the FTB have agreed to resolve any issues that might
4 have existed with the respect to the attachment and priority of the IRS and FTB liens both in the
5 net proceeds held by the Trustee and also between the two of them. The Stipulation fixes the
6 amounts of each of the IRS and FTB secured claims in light of the Trustee's contentions
7 regarding the reach of section 724(b)(2) of the Bankruptcy Code and estimates⁶ of the
8 administrative expenses incurred by the bankruptcy estate. As described above, the IRS Claim
9 shall be allowed as a secured claim equal to the IRS Sotheby's Share in the amount of
10 \$586,604.12 (the "IRS Secured Claim"), a priority claim in the amount of \$997,869.07 (the "IRS
11 Priority Claim"), a general unsecured claim in the amount of \$19,706,386.41, and a subordinated
12 claim for penalties in the amount of \$4,625,648.18. The FTB Claim shall be allowed as a secured
13 claim in the amount of \$90,000.00 (the "FTB Secured Claim"), a priority claim in the amount of
14 \$1,168,333.97 (the "FTB Priority Claim"), a general unsecured claim in the amount of
15 \$5,993,431.91, and a subordinated claim for penalties in the amount of \$2,558,280.36. A copy of
16 the Stipulation, which has been concurrently filed herein, is attached as Exhibit 1 to the Rund
17 Declaration.

18 Upon closing, after payment of the IRS Secured Claim and the FTB Secured Claim, and
19 the administrative expenses of the bankruptcy estate, the IRS Priority Claim and the FTB Priority
20 Claim shall be paid pro rata (along with any other priority claims) with the available cash of the
21 estate. The Trustee believes that the proposed compromise embodied in the Stipulation is fair and
22 reasonable under the circumstances, and that it should be approved by the Court. Rund Decl.,
23 ¶ 23.

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28 ⁶ These estimates will remain only that until administrative expenses are approved by the Bankruptcy Court at the conclusion of the bankruptcy case. The Stipulation does not fix administrative expenses in any way.

1 **IV. DISCUSSION**

2 **A. The Legal Standard**

3 Bankruptcy Code section 105(a) provides in relevant part that “[t]he court may issue any
4 order, process or judgment that is necessary or appropriate to carry out the provisions of this
5 title.” 11 U.S.C. § 105(a). Bankruptcy Rule 9019(a) in turn states:

6 On motion by the trustee and after notice and a hearing, the court
7 may approve a compromise or settlement. Notice shall be given to
8 creditors, the United States trustee, the debtor, and indenture
9 trustees as provided in Rule 2002 and to any other entity as the
10 court may direct.

11 Fed. R. Bankr. P. 9019(a).

12 “The bankruptcy court has great latitude in approving compromise agreements.”

13 *Woodson v. Fireman’s Fund Ins. Co. (In re Woodson)*, 839 F.2d 610, 620 (9th Cir. 1988). “The
14 purpose of a compromise agreement is to allow the trustee and the creditors to avoid the expenses
15 and burdens associated with litigating contested and dubious claims.” *Martin v. Kane (In re*
16 *A & C Properties)*, 784 F.2d 1377, 1380-81 (9th Cir. 1986) [hereinafter “*A & C Properties*”].
17 Accordingly, in approving such an agreement, the Court need not conduct an exhaustive
18 investigation into the validity, or a mini-trial on the merits, of the claims sought to be
19 compromised. *United States v. Alaska Nat’l Bank (In re Walsh Constr., Inc.)*, 669 F.2d 1325,
20 1328 (9th Cir. 1982).

21 Rather, it is sufficient that the Court find that the settlement was negotiated in good faith
22 and is reasonable, fair, and equitable. *A & C Properties*, 784 F.2d at 1381. The Court need only
23 canvass the issues to determine whether the compromise falls “below the lowest point in the zone
24 of reasonableness.” *Newman v. Stein*, 464 F.2d 689, 698 (2d Cir. 1972); *see also Anaconda-*
25 *Ericsson Inc. v. Hessen (In re Teltronics Servs., Inc.)*, 762 F.2d 185, 189 (2d Cir. 1985). Finally,
26 although the Court should consider the reasonable views of creditors, “. . . [O]bjections do not
27 rule. It is well established that compromises are favored in bankruptcy.” *In re Lee Way Holding*
28 *Co.*, 120 B.R. 881, 891 (Bankr. S.D. Ohio 1990).

1 In the Ninth Circuit, courts generally look to the following considerations in determining
2 whether a proposed compromise is reasonable, fair, and equitable:

- 3 (a) the probability of success in the litigation;
4 (b) the difficulties, if any, to be encountered in the
5 matter of collection;
6 (c) the complexity of the litigation involved, and the
7 expense, inconvenience and delay necessarily attending it;
8 (d) the paramount interest of the creditors and a proper
9 deference to their reasonable views in the premises.

10 *A & C Properties*, 784 F.2d at 1381 (citation omitted).

11 **B. The Stipulation Should Be Approved**

12 Consideration of the *A&C Properties* factors leads to the conclusion that the proposed
13 compromise and the terms of the Stipulation should be approved. With regard to the first factor,
14 although the Trustee believes that, if he were to object to the IRS Claim and the FTB Claim with
15 respect to the extent and priority of the liens asserted, there might eventually be a resolution of
16 the issues raised, the Trustee is mindful of the uncertainty inherent in any litigation. Complex
17 issues exist relating to the funds held by the Trustee, the extent of the liens of the IRS and the
18 FTB (and the relative priority between them), and the Trustee's power to subordinate those liens
19 under section 724(b)(2) of the Bankruptcy Code to allowed expenses of administration. Apart
20 from this uncertainty, litigating the issues related to the IRS and FTB Claims will cause the estate
21 to incur meaningful additional administrative costs, which would be detrimental to the estate and
22 would reduce the funds ultimately available for distribution. Rund Decl., ¶ 21.

23 The Trustee does not anticipate that any difficulties will be encountered regarding
24 collection. Therefore, the Trustee believes that the second factor has little bearing on the
25 evaluation of the proposed compromise.

26 With regard to the third factor, any potential litigation regarding the IRS and FTB Claims
27 would be undoubtedly complex, and the transactions at issue have already required extensive
28 research by the counsel and accountants for the Trustee. Proceeding with prosecution of

1 objections to claims would result in additional costly research and briefing regarding the interplay
2 between the sales of assets by the Trustee and the liens asserted by the IRS and FTB Claims.
3 Conversely, the resolution in the Stipulation will provide the IRS and the FTB the funds to which
4 they are entitled under a distribution scheme with which they are in agreement. Thus, the
5 Stipulation furthers “. . . the important policy favoring efficient bankruptcy administration. . . .”
6 *Kowal v. Malkemus (In re Thompson)*, 965 F.2d 1136, 1145 (1st Cir. 1992). Moreover, the
7 Stipulation does not provide or allow for the present payment of any part of either the IRS or the
8 FTB Claims. Instead, it fixes the amount of the claims in a manner that will allow the Trustee to
9 prepare and submit his Final Report and Account. Based on these factors, the Trustee believes
10 that the Stipulation is in the best interests of the bankruptcy estate under the circumstances, is
11 well within the Trustee’s business judgment, and should be approved. Rund Decl., ¶ 23.

12 **V. CONCLUSION**

13 Based upon the foregoing, the Trustee respectfully requests that the Court enter an order
14 approving the proposed compromise with the IRS and the FTB and the terms of the Stipulation,
15 and granting such other and further relief as the Court deems just and proper.

16 DATED: September 4, 2018

17 GREENBERG GLUSKER FIELDS CLAMAN
& MACHTINGER LLP

18 By: /s/C. John M. Melissinos
19 C. JOHN M. MELISSINOS
20 Attorneys for Jason M. Rund,
Chapter 7 Trustee

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DECLARATION OF JASON M. RUND

I, Jason M. Rund, declare:

1. I am the duly appointed and acting chapter 7 Trustee of the bankruptcy estate of Debtor Halsey McLean Minor (“Minor” or the “Debtor”). I have personal knowledge of the facts stated below, or have gained knowledge of them from pleadings and other documents typically obtained and reviewed by trustees administering estates or from the professionals employed to assist me herein, and, if called as a witness, I could and would testify competently thereto.

2. I submit this Declaration in support of the accompanying *Chapter 7 Trustee’s Motion for Order Approving Stipulation Among Chapter 7 Trustee, United States of America, and Franchise Tax Board Regarding Payment of Claims* (the “Motion”) for an order approving the proposed compromise among the estate, the United States of America (“United States”) on behalf of its agency, Internal Revenue Service (“IRS”), and the State of California Franchise Tax Board (the “FTB”) regarding the claims filed against the bankruptcy estate by the IRS and the FTB, as set forth in the concurrently filed *Stipulation Among Chapter 7 Trustee, United States of America, and Franchise Tax Board Regarding Payment of Claims* (the “Stipulation”) [Docket No. 447].

3. Attached as Exhibit 1 hereto and incorporated herein by this reference is a true and correct copy of the Stipulation.

4. The Debtor commenced the within bankruptcy proceeding by filing a voluntary Petition under chapter 7 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code") on May 24, 2013 (the "Petition Date"). The first meeting of creditors pursuant to section 341(a) of the Bankruptcy Code was initially set for June 17, 2013 and then was rescheduled to July 8, 2013. The meeting was continued from time to time and later concluded. I filed a notice of assets in this case, and October 21, 2013 was the deadline for non-governmental entities to file proofs of claim. The Court has approved the employment of counsel and accountants to provide assistance to me in my administration of the estate.

5. As noted in the Debtor's Petition, two apparent affiliates of the Debtor previously filed chapter 11 cases, both of which cases are now closed. Minor Family Hotels, LLC commenced a chapter 11 case on September 1, 2010 in the United States Bankruptcy Court for

1 the Western District of Virginia, Case No. 10-62543. On or about September 16, 2013, the case
2 was converted to a chapter 7 case, and on April 28, 2015 it was closed. Carter's Grove, LLC
3 commenced a chapter 11 case on February 14, 2011 in the United States Bankruptcy Court for the
4 Northern District of California, San Francisco Division, which case was transferred to the United
5 States Bankruptcy Court for the Eastern District of Virginia, Case No. 11-51330-SCS. That case
6 was closed on June 25, 2015.

7 6. The Amended Schedules of Assets and Liabilities [Docket Nos. 74 and 75]
8 ("Amended Schedules") and Statement of Financial Affairs ("SOFA") filed by the Debtor list
9 assets of over \$30 million and liabilities of over \$50 million. I, along with my counsel and
10 accountants employed to assist me herein, reviewed the Schedules and SOFA, as well as
11 additional documents which the Debtor has supplied. We also worked with creditors and other
12 parties-in-interest to gain a better picture of the financial circumstances of the Debtor and the
13 bankruptcy estate. Based on the investigation, the Debtor's financial affairs are wide-ranging and
14 complex.

15 7. Since the Petition Date, I have liquidated various assets of the Debtor's bankruptcy
16 estate. In total, I have received total proceeds of \$30,459,355.70 and, after paying secured
17 claims, real property taxes, and costs of sale in the collective amount of \$26,219,996.10, received
18 net proceeds of \$4,403,761.32. As reflected in the Paragraph O of the Stipulation, I have also
19 paid \$751,605.84 in administrative expenses. Therefore, I am now holding approximately
20 \$3.6 million. The amount set forth in Paragraph O of the Stipulation is as of April 30, 2018.
21 Since that date, bank and bond charges have continued to accrue and be paid. All such amounts
22 will be reflected in my Final Report and Account.

23 8. From the outset of the bankruptcy case, it was understood that large pre-petition
24 tax claims against the Debtor were one of the main reasons that he filed a chapter 7 bankruptcy
25 case. The Debtor's pre-petition litigation with Sotheby's, Inc. ("Sotheby's") also put significant
26 financial pressure on the Debtor.

27 ///

28 ///

1 9. On July 16, 2013, the FTB filed a claim in the amount of \$8,388,983.08 as a
2 secured claim for state income taxes owed by the Debtor for tax years 2007, 2008, 2009 and
3 2012, which claim was denominated as claim no. 1 on the Claims Register maintained by the
4 Clerk of the Court for the Debtor's bankruptcy case. On May 7, 2015, the FTB filed an amended
5 claim in the amount of \$9,790,046.24, as a secured claim in the amount of \$8,388,983.08 and a
6 general unsecured claim in the amount of \$232,729.19. The FTB also asserts that its amended
7 claim is entitled to priority pursuant to 11 U.S.C. § 507(a)(8) in the amount of \$1,168,333.97
8 (such claim, as amended, herein the "FTB Claim"). A copy of the FTB Claim is attached as
9 Exhibit A to the Stipulation.

10 10. On March 9, 2018, the IRS filed an amended claim in the amount of
11 \$25,916,478.45, consisting of a secured claim of \$24,857,210.48, a priority claim of \$997,869.07,
12 and an unsecured general claim of \$61,398.90 for unpaid federal income taxes owed by the
13 Debtor for tax years 2007, 2008, 2009 and 2011, which claim was denominated as claim no. 3-2
14 on the Claims Register maintained by the Clerk of the Court for the Debtor's bankruptcy case
15 (such claim herein the "IRS Claim"). A copy of the IRS Claim is attached as Exhibit B to the
16 Stipulation.

17 11. As set forth in the IRS and FTB Claims, on the Petition Date, the IRS and the FTB
18 asserted liens against substantially all of the Debtor's assets. As set forth in further detail therein,
19 the FTB Claim consists of \$5,143,638.00 in taxes, \$2,337,594.36 in penalties, \$907,666.72 in
20 interest, and \$84.00 in costs. A schedule of the liens filed by the FTB is also included with the
21 FTB Claim. The IRS Claim consists of a secured claim in the amount of \$16,931,656.79 in taxes,
22 \$4,625,648.18 in penalties and \$3,299,905.51 in interest. A schedule of the Notices of Federal
23 Tax Lien filed by the IRS is included as part of the IRS Claim.

24 12. Immediately after the Petition Date, I commenced efforts to liquidate the various
25 assets of the bankruptcy estate, including those real properties listed on the Debtor's Schedule A,
26 822 Sarbonne Road, Los Angeles, CA 90077 (the "Sarbonne Property") and the residential real
27 property collectively known as 3800-3810 Washington Street and 125 Maple Street, San
28 Francisco, CA 94118 (the "San Francisco Property"). On February 25, 2014 the Court entered its

1 order [Docket No. 179] approving the sale of the Sarbonne Property free and clear of all liens,
2 claims, and interests for \$11,100,000.00. The sale of the Sarbonne Property closed on March 12,
3 2014. On May 18, 2016, the Court entered its order [Docket No. 335] approving the sale of the
4 San Francisco Property free and clear of all liens, claims, and interests for \$15,750.000.00. The
5 sale of the San Francisco Property closed on July 14, 2016.

6 13. In addition to his efforts with respect to the Sarbonne and San Francisco
7 Properties, I worked on the marketing of that certain real property commonly known as Fox
8 Ridge Farms, 2800 Ridge Rd., Charlottesville, VA 22901 (the “Fox Ridge Farms Property”). The
9 Fox Ridge Farms Property was owned by Fox Ridge Farms Holdings, LLC, a Virginia limited
10 liability company (“FRF”), the membership interests of which were 100% owned by the Debtor.
11 These efforts were also successful. The Bankruptcy Court approved the sale of the Fox Ridge
12 Farms Property by FRF for \$7,500,000.00 by order entered on June 13, 2014 [Docket No. 233]
13 (the “FRF Sale Order”). The sale of the Fox Ridge Farms Property closed on June 27, 2014.

14 14. From the sales of the Sarbonne, Fox Ridge Farms, and San Francisco Properties,
15 the bankruptcy estate received “carve-outs” of \$500,000.00, \$232,589.72, and \$426,569.20,
16 respectively. Each of the carve-outs was highly negotiated, extensively documented, and noticed,
17 disclosed, and approved in conjunction with the sales of each of the Properties.

18 15. With respect to the sale of the Fox Ridge Farms Property, as discussed in the
19 Stipulation, the FRF Sale Order directed that the carve-out amount be held in the Segregated
20 Account. Thereafter, by its order dated July 5, 2017 [Docket No. 430], the Bankruptcy Court
21 approved a compromise with Watt, Tieder, Hoffar & Fitzgerald, LLP, a Virginia Limited
22 Liability Partnership doing business in California (“WTHF”), by which WTHF received
23 \$50,000.00 from the Segregated Account to resolve its claim to a portion of the Segregated
24 Account. Also as set forth in the Stipulation, after payment to WTHF and the payment of bank
25 fees related to the Segregated Account, as of April 30, 2018, the Segregated Account held
26 \$215,212.41.

27 16. Another area of emphasis of my administration of the bankruptcy estate was the
28 review and analysis of the Debtor’s pre-petition settlement agreement with Sotheby’s, including

1 the property already sold in conjunction with the settlement and the property which was to be
2 sold. The bankruptcy estate also received \$32,000.00 from Shannon Minor, the Debtor's wife,
3 after a resolution of avoidance claims asserted against her related to the transfer of a club
4 membership [Docket No. 309]. In addition, I also asserted claims with respect to the substantial
5 penalties which had accrued as a result of the delinquent real property taxes owing to the Los
6 Angeles County Treasurer and Tax Collector (with respect to the Sarbonne Property) and the City
7 and County of San Francisco, Office of the Treasurer and Tax Collector (with respect to the San
8 Francisco Property).

9 17. Prior to the Petition Date, Sotheby's, which had obtained a judgment against the
10 Debtor, took possession of valuable personal property (comprised of art, home furnishings and
11 collectibles) of the Debtor. A receiver (the "Receiver") was appointed by the United States
12 District Court for the Southern District of New York (the "SDNY District Court") to oversee the
13 sale of the property. After negotiations among Sotheby's, the Debtor, the IRS and the FTB
14 (which claimed liens in the property that was in the Receiver's custody), it was decided that the
15 FTB would receive the first \$2.5 million of the property sold, and the remainder of the net
16 proceeds would be split between Sotheby's and the IRS. I asserted that the agreement and the
17 payments to Sotheby's were potentially avoidable. After a long negotiation, Sotheby's and I
18 entered into a proposed compromise of my claims.

19 18. By order dated May 13, 2015 [Docket No. 289], the Bankruptcy Court approved
20 the proposed compromise among the Receiver, Sotheby's, and me by which (i) Sotheby's would
21 pay the estate \$150,000.00; (ii) the Receiver would pay to the bankruptcy estate one-half of what
22 would have gone to Sotheby's under the original agreement, and (iii) the Receiver would pay
23 what would originally have been paid to the IRS to the bankruptcy estate (subject to the IRS lien).
24 I have since received a total of \$1,001,901.01 on account of the Sotheby's settlement,
25 \$415,296.89 on account of amounts that might otherwise have been paid to Sotheby's (including
26 the proceeds of a painting which Sotheby's determined it could not sell) and \$586,604.12
27 representing the "IRS Sotheby's Share" under the terms of the Sotheby's compromise. The
28 Receiver's entry into the settlement was also approved by the SDNY District Court.

1 19. In addition, I received \$72,841.81 and \$91,059.90, respectively, from the Los
2 Angeles County Treasurer and Tax Collector and the City and County of San Francisco, Office of
3 the Treasurer and Tax Collector. The amounts were received after resolution of my claims that I
4 could avoid any amounts paid as penalties to those taxing authorities upon the closing of the sales
5 of the Sarbonne and San Francisco Properties [Docket Nos. 174 and 399].

6 20. During the administration of the Debtor's bankruptcy estate, I also liquidated a
7 number of additional assets, including (1) an Audi motor vehicle (\$8,100.00); (2) bank and
8 brokerage accounts at Goldman Sachs, Comerica Bank, Merrill Lynch, and Morgan Stanley, as
9 well as an interest in an investment fund through Red Point and a miscellaneous mortgage
10 repayment (\$94,956.12); (3) stock in Sahale Snacks, Inc., a closely held company which was sold
11 during the administration of the estate (\$1,838,206.05); (4) art work formerly located at the San
12 Francisco Property, which was auctioned by Harvey Clars auctioneers (\$75,537.50); and (5) art
13 work located at L.A. Packing, Crating & Transport, Inc., a storage facility which held the art
14 work and which asserted a lien for storage charges (\$30,000.00). With respect to these interests, I
15 received a total of \$2,046,799.67.

16 21. Although I believe that if I were to object to the IRS Claim and the FTB Claim
17 with respect to the extent and priority of the liens asserted, there might eventually be a resolution
18 of the issues raised, I am mindful of the uncertainty inherent in any litigation. Complex issues
19 exist relating to the funds held by the estate, the extent of the liens of the IRS and the FTB (and
20 the relative priority between them), and my power to subordinate those liens under section
21 724(b)(2) of the Bankruptcy Code to allowed expenses of administration. Apart from this
22 uncertainty, litigating the issues related to the IRS and FTB Claims will cause the estate to incur
23 meaningful additional administrative costs, which would be detrimental to the estate and would
24 reduce the funds ultimately available for distribution. I do not anticipate that any difficulties will
25 be encountered regarding collection.

26 22. Any potential litigation regarding the IRS and FTB Claims would be undoubtedly
27 complex, and the transactions at issue have already required extensive research by my counsel
28 and my accountants. Proceeding with prosecution of objections to claims would result in

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additional costly research and briefing regarding the interplay between the sales of assets and the liens asserted by the IRS and FTB Claims. Conversely, the resolution in the Stipulation will provide the IRS and the FTB the funds to which they are entitled under a distribution scheme with which they are in agreement.

5 23. The Stipulation does not provide or allow for the present payment of any part of
6 either the IRS or the FTB Claims. Instead, it fixes the amount of the claims in a manner that will
7 allow me to prepare and submit my Final Report and Account. Upon closing, after payment of
8 the IRS Secured Claim and the FTB Secured Claim, and the administrative expenses of the
9 bankruptcy estate, the IRS Priority Claim and the FTB Priority Claim shall be paid pro rata (along
10 with any other priority claims) with the available cash of the estate. Based on these factors, I
11 believe that the Stipulation is in the best interests of the bankruptcy estate under the
12 circumstances, is well within my business judgment, and should be approved.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 4 day of September, 2018, at El Segundo, California.

JASON M. RUND

EXHIBIT “1”

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12 Attorneys for Jason M. Rund,
13 Chapter 7 Trustee

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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re:
HALSEY McLEAN MINOR,
Debtor.

Case No. 2:13-bk-23787-BR
Chapter 7

**STIPULATION AMONG CHAPTER 7
TRUSTEE, UNITED STATES OF
AMERICA, AND FRANCHISE TAX
BOARD REGARDING PAYMENT OF
CLAIMS**

[NO HEARING REQUIRED]

This stipulation (the “Stipulation”) is entered into by and among Jason M. Rund, Chapter 7 Trustee (“Trustee”) of the bankruptcy estate of Halsey McLean Minor (“Minor” or the “Debtor”), pending in the United States Bankruptcy Court for the Central District of California, Los Angeles Division (the “Bankruptcy Court”), bankruptcy case no. 2:13-bk-23787-BR, the United States of America (“United States”) on behalf of its agency, Internal Revenue Service (“IRS”), and the State of California Franchise Tax Board (the “FTB”). The Trustee, the United States and the FTB are sometimes referred to herein as the “Parties.” This Stipulation is entered into with respect to the following facts.

1 A. The Debtor commenced the within bankruptcy proceeding by filing a voluntary
2 Petition under chapter 7 of the title 11 of the United States Code §§ 101 et se. (the “Bankruptcy
3 Code”) on May 24, 2013 (the “Petition Date”). The Trustee is the duly appointed and acting
4 chapter 7 trustee of the Debtor’s bankruptcy estate herein.

5 B. The Debtor filed his Amended Schedules of Assets and Liabilities [Docket Nos. 74
6 and 75] (“Amended Schedules”) and Statement of Financial Affairs (“SOFA”), which list assets
7 of over \$30 million and liabilities of over \$50 million. The Debtor’s Amended Schedules both
8 identified significant secured claims in favor of both the IRS and the FTB.

9 C. The IRS and the FTB each filed claims against the Debtor’s bankruptcy estate.

10 D. On July 16, 2013, the FTB filed a claim in the amount of \$8,388,983.08 as a
11 secured claim for state income taxes owed by the Debtor for tax years 2007, 2008, 2009 and
12 2012, which claim was denominated as claim no. 1 on the Claims Register maintained by the
13 Clerk of the Court for the Debtor’s bankruptcy case. On May 7, 2015, the FTB filed an amended
14 claim in the amount of \$9,790,046.24, as a secured claim in the amount of \$8,388,983.08 and a
15 general unsecured claim in the amount of \$232,729.19. The FTB also asserts that its amended
16 claim is entitled to priority pursuant to 11 U.S.C. § 507(a)(8) in the amount of \$1,168,333.97
17 (such claim, as amended, herein the “FTB Claim”).

18 E. Attached as Exhibit A hereto and incorporated herein by this reference is a true
19 and correct copy of the FTB Claim.

20 F. On March 9, 2018, the IRS filed an amended claim in the amount of
21 \$25,916,478.45, consisting of a secured claim of \$24,857,210.48, a priority claim of \$997,869.07,
22 and an unsecured general claim of \$61,398.90 for unpaid federal income taxes owed by the
23 Debtor for tax years 2007, 2008, 2009 and 2011, which claim was denominated as claim no. 3-2
24 on the Claims Register maintained by the Clerk of the Court for the Debtor’s bankruptcy case
25 (such claim herein the “IRS Claim”).

26 G. Attached as Exhibit B hereto and incorporated herein by this reference is a true
27 and correct copy of the IRS Claim.

28 H. As set forth in the IRS and FTB Claims, on the Petition Date, the IRS and the FTB

1 asserted liens against substantially all of the Debtor's assets. As set forth in further detail therein,
2 the FTB Claim consists of \$5,143,638.00 in taxes, \$2,337,594.36 in penalties, \$907,666.72 in
3 interest, and \$84.00 in costs. A schedule of the liens filed by the FTB is also included with the
4 FTB Claim. As set forth in further detail therein, the IRS Claim consists of a secured claim in the
5 amount of \$16,931,656.79 in taxes, \$4,625,648.18 in penalties and \$3,299,905.51 in interest. A
6 schedule of the Notices of Federal Tax Lien filed by the IRS is included as part of the IRS Claim.

7 I. **The Total Cash Received by Trustee.** Since the Petition Date, the Trustee has
8 liquidated various assets of the Debtor's bankruptcy estate. In total, the Trustee has received total
9 proceeds of \$30,459,355.70 and, after paying secured claims, real property taxes, and costs of
10 sale in the collective amount of \$26,219,996.10 (including the amount paid to WTHF as
11 described in Paragraph K, below), received net proceeds of \$4,403,761.32.

12 J. **The Carve-Out Amounts.** A total of \$1,159,158.92 of the net proceeds of
13 \$4,403,731.99 was received as "carve outs" from the secured claims of the following:

- 14 (1) HSBC Bank USA, National Association, with respect to the sale of the
15 Debtor's "Sarbone Property" in Bel Air, California (in the amount of **\$500,000.00**);
16 (2) Bank of America, National Association ("BOA"), with respect to the
17 "Fox Ridge Farms Property" located in Charlottesville, Virginia (**\$232,589.72**); and
18 (3) BOA, with respect to the "San Francisco Property" located in San
19 Francisco, California (**\$426,569.20**).

20 K. **The Segregated Account.** In accordance with the terms of the Bankruptcy
21 Court's order dated June 13, 2014 [Docket No. 233] (the "FRF Sale Order") approving the sale of
22 the Fox Ridge Farms Property, the Trustee placed the proceeds of the carve-out from BOA's lien
23 in the amount of \$282,589.72 in a segregated account by the Trustee pending further order of the
24 Court (the "Segregated Account"). In addition, by its order dated July 5, 2017 [Docket No. 430],
25 the Bankruptcy Court approved a compromise between the Trustee and Watt, Tieder, Hoffar
26 & Fitzgerald, LLP, a Virginia Limited Liability Partnership doing business in California
27 ("WTHF") by which WTHF received \$50,000.00 from the Segregated Account to resolve its
28 claim to a portion of the Segregated Account. After payment to WTHF and the payment of bank

1 fees related to the Segregated Account, as of April 30, 2018, the Segregated Account held
2 \$215,212.41.

3 L. Avoidance Recoveries. Of the net proceeds, a total of \$611,198.61 was received
4 on account of avoidance action recoveries from the following:

- 5 (i) Sotheby's, Inc. ("Sotheby's") **(\$415,296.89)**;
- 6 (ii) Shannon Minor **(\$32,000.00)**;
- 7 (iii) the Los Angeles County Treasurer and Tax Collector **(\$72,841.82)**; and
- 8 (iv) the City and County of San Francisco, Office of the Treasurer and Tax
9 Collector **(\$91,059.90)**.

10 M. The Free Cash and the Lien Proceeds. Thus, of the total net proceeds of
11 \$4,403,761.32, \$1,770,357.53 (herein the "Free Cash") was received as free and clear cash of the
12 estate as a result of carve outs or avoidance recoveries. The remaining \$2,633,403.79 (the "Lien
13 Proceeds") represents proceeds of assets of the estate burdened with liens in favor of either the
14 FTB, the IRS, or both.

15 N. The IRS Sotheby's Share. Of the Lien Proceeds, \$586,604.12 (herein the "IRS
16 Sotheby's Share") was received from the Receiver with respect to the Sotheby's settlement on
17 account of the "IRS share" of the original settlement between the IRS and Sotheby's. The
18 original agreement between Sotheby's, the IRS and the FTB was retained as part of the Trustee's
19 compromise with Sotheby's, and therefore the Trustee understands that the funds representing the
20 IRS Sotheby's Share are free of any lien of the FTB.

21 O. Payments From Lien Proceeds. Also since the Petition Date, the Trustee has
22 paid a total of \$751,605.84 from the Lien Proceeds as follows:

23 (x) \$390,631.55 in administrative expenses to the Trustee, his general
24 bankruptcy counsel, and his accountants, in accordance with the Bankruptcy Court's order
25 dated May 13, 2014 [Docket No. 214];

26 (y) \$238,280.48 to Deborah Minor on account of a priority claim pursuant to
27 11 U.S.C. § 507(a)(1)(A) in accordance with the Bankruptcy Court's order dated
28 December 1, 2016 [Docket No. 394]; and

(z) \$122,693.81 on account of certain other administrative costs pursuant to Court order and bank fees (which are significant because of United States Trustee banking requirements and the length of this case).

4 Therefore, as of April 30, 2018, and after payment of the above-described administrative
5 expenses in the amount of \$751,605.84, and net of the IRS Sotheby's Share in the amount of
6 \$586,604.12, from the Lien Proceeds of \$2,633,403.79, the Trustee held a total of **\$1,295,193.83**
7 (the "Remaining Lien Proceeds") on account of the Lien Proceeds.

P. As of the date of this Stipulation, the Trustee estimates that the additional fees and costs of the Trustee, Greenberg Glusker Fields Claman & Machtiner LLP, general counsel to the Trustee, and Berkeley Research Group, LLC, accountants to the Trustee, will be at least \$1,200,000 (the "Professional Fee Estimate"). However, the exact amount of such fees and costs is not known and will not be known until final requests for compensation and reimbursement of expenses are approved by the Bankruptcy Court. In addition, bank fees will continue to accrue, and certain other additional administrative expenses may need to be paid, although in the latter case the Trustee does not expect such amounts to be significant. When the Professional Fee Estimate is subtracted from the Remaining Lien Proceeds, the total amount available for payment of the secured claims of the IRS and the FTB is approximately \$681,797.95 (which includes the amount owing to the IRS on account of the IRS Sotheby's Share).

19 Q. The Parties acknowledge that, in light of the magnitudes of each of the FTB Claim
20 and the IRS Claim, any payments from the Free Cash will go to the FTB and the IRS. Moreover,
21 any Lien Proceeds remaining after the payment of administrative expenses will also be paid to the
22 FTB and the IRS on account of their liens.

23 R. With respect to the Lien Proceeds, the Trustee has not attempted an asset-by-asset
24 review of whether the FTB or the IRS has which agency might have lien priority in a particular
25 asset of the estate. Moreover, the Trustee is informed that under California Government Code
26 § 7170.5, the IRS and the FTB have agreed that, as between themselves, the assessment date of
27 the taxes and thus the date that a lien arises (and not recordation date of any lien) will govern how
28 any such funds are divided.

1 S. The Trustee contends that under section 724(b)(2) of the Bankruptcy Code, the
2 Trustee is entitled to subordinate the liens of the IRS and the FTB in the Lien Proceeds and the
3 Remaining Lien Proceeds to the extent of allowed administrative expenses under section
4 507(a)(1)(C) (expenses of administration) of the Bankruptcy Code as well as the payment of any
5 amounts allowed under, inter alia, section 507(a)(1)(A) (domestic support obligations) of the
6 Bankruptcy Code.

7 T. The Trustee, the United States and the FTB now wish to address (i) the treatment
8 and allowed amount of each of the IRS Claim and the FTB Claim in the bankruptcy case, and (ii)
9 the payments on account of the IRS Claim and the FTB Claim from the Lien Proceeds (including
10 the IRS Sotheby's Share) and the Fee Cash.

11 THEREFORE, subject to the approval of the Bankruptcy Court, the Parties hereby agree
12 as follows:

13 1. The IRS Claim shall be allowed as a secured claim in the amount of the IRS
14 Sotheby's Share in the amount of \$586,604.12 (the "IRS Secured Claim"), a priority claim in the
15 amount of \$997,869.07 (the "IRS Priority Claim"), a general unsecured claim in the amount of
16 \$19,706,386.41, and a subordinated claim for penalties in the amount of \$4,625,648.18.

17 2. The FTB Claim shall be allowed as a secured claim in the amount of \$90,000.00
18 (the "FTB Secured Claim"), a priority claim in the amount of \$1,168,333.97 (the "FTB Priority
19 Claim"), a general unsecured claim in the amount of \$5,993,431.91, and a subordinated claim for
20 penalties in the amount of \$2,558,280.36.

21 3. The IRS Secured Claim shall be paid in full upon the closing of the bankruptcy
22 case, and such payment shall be reflected in the Trustee's Final Report and Account.

23 4. The FTB Secured Claim shall be paid in full upon the closing of the bankruptcy
24 case, and such payment shall be reflected in the Trustee's Final Report and Account.

25 5. After payment of the IRS Secured Claim, the FTB Secured Claim, and the allowed
26 administrative expenses the bankruptcy estate, the Free Cash shall be evenly divided between the
27 IRS Priority Claim and the FTB Priority Claim until each is paid in full, and the Trustee's Final
28 Report and Account shall reflect such division.

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& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

1 6. All payments of the IRS Claim made pursuant to this Stipulation shall be made
2 payable to the "United States Treasury," state in the memo line the Debtor's name, employer tax
3 identification number, and case number, and be directed to:

4 U.S. Attorney's Office, Tax Division
5 Attn: Najah J. Shariff
6 300 N. Los Angeles St., Ste. 7516
7 Los Angeles, CA 90012

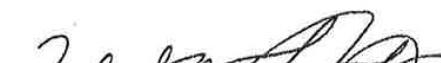
8 7. Except with respect to the payment of claims in the Debtor's bankruptcy case,
9 nothing in this Stipulation shall be deemed to direct how the money received by the United States
or the FTB, as the case may be, from the Trustee should be applied to the amounts owing to each
of them.

10 8. The Court shall retain jurisdiction for purposes of enforcing this Stipulation.

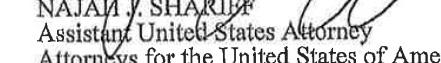
11
12 DATED: July 31, 2018

13
14 By: 
15 Name: Carolyn Lynch
16 Title: Tax Counsel IV

17
18 DATED: July 28, 2018

19
20 By: 
21 Name: NICOLA T. HANNA
22 Title: United States Attorney

23
24 DATED: August 22, 2018

25
26 By: 
27 Name: NAJAH J. SHARIFF
28 Title: Assistant United States Attorney
 Attorneys for the United States of America

GREENBERG GLUSKER FIELDS CLAMAN
& MACHTINGER LLP

By: 
C. JOHN M. MELISSINOS
Attorneys for Jason M. Rund, Chapter 7
Trustee

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EXHIBIT “A”

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STATE OF CALIFORNIA TD
BANKRUPTCY SECTION MS A340
FRANCHISE TAX BOARD
PO BOX 2952
SACRAMENTO CA 95812-2952

Case 2:13-bk-23787-BR Claim 1 Filed 05/07/15 Desc Main Document Page 1 of 4

Phone: (916) 845-4750

Fax: (916) 845-9799

Bankruptcy Case Number:
1323787

Debtor:
HALSEY M MINOR
XXX-XX-1034

Proof of Claim

UNITED STATES BANKRUPTCY COURT
Central District of California
Edward R Roybal Federal Building
255 E. Temple Street, Room 940
Los Angeles CA 90012-3610

Nondebtor:

Type of Liability:
Personal Income Tax

Basis of Liability Statement

Claim	Basis	Period	Tax	Penalty	Interest	Costs	Total Claim
A *	1	12/31/2007	\$0.00	\$867,151.96	\$0.00	\$0.00	\$867,151.96
A *	1	12/31/2008	\$4,594,552.00	\$1,320,468.98	\$839,392.04	\$54.00	\$6,754,467.02
A *	1	12/31/2009	\$549,086.00	\$149,973.42	\$68,274.68	\$30.00	\$767,364.10
B *	1	12/31/2012	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
B *	4	12/31/2010	\$1,088,022.00	\$0.00	\$80,311.97	\$0.00	\$1,168,333.97
C *	4	12/31/2010	\$0.00	\$220,686.00	\$12,043.19	\$0.00	\$232,729.19

Claim

Account Number

Basis

- | | | |
|-----------------------|---------------|--|
| A. Secured | * XXX-XX-1034 | 1. Return filed with balance due |
| B. Unsecured Priority | | 3. No return filed |
| C. Unsecured General | | 4. Audit Assessment |
| D. 1305(a)(1) | | 5. Other |
| T. To Be Determined | | 6. Community Claim (Nondebtor Liability) |

Tax Lien Information for Secured Claim

Lien Certificate Number	Recording Date	County Recorder or Secretary of State	Recording Information	Tax Years Secured
09177436893 *	07/21/09	LOS ANGELES	20091101884	07
09177623741 *	09/09/09	SAN FRANCISCO	J973, 0202	07
09334641249 *	12/07/09	SAN FRANCISCO	09-I882669-00	08
09334939003 *	12/04/09	LOS ANGELES	20091840220	08
10194331542 *	07/15/10	SAN FRANCISCO	2010-I995716-00	07, 08
11026398766 *	02/07/11	SAN FRANCISCO	2011-J131853-00, K327 0275	09
11080696176 *	04/05/11	LOS ANGELES	20110497977	09

The Franchise Tax Board Bankruptcy Section takes an active role in resolving bankruptcy issues. We can receive delinquent tax returns and encourage correspondence and telephone calls. We provide assistance to prevent unnecessary litigation.

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B10 (Official Form 10) (04/13)

UNITED STATES BANKRUPTCY COURT Central District of California		PROOF OF CLAIM
Name of Debtor: HALSEY M MINOR		Case Number: 1323787
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. §503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): FRANCHISE TAX BOARD		COURT USE ONLY
Name and address where notices should be sent: BANKRUPTCY SECTION MS A340 FRANCHISE TAX BOARD PO Box 2952 Sacramento CA 95812-2952		<input checked="" type="checkbox"/> Check this box if this claim amends a previously filed claim. Court Claim Number: 1 (If known) Filed on: 05/14/2014
Telephone number: (916) 845-4750 email:		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.
Name and address where payment should be sent (if different from above): Telephone number: email:		
1. Amount of Claim as of Date Case Filed: \$ 9,790,046.24 If all or part of the claim is secured, complete item 4. If all or part of the claim is entitled to priority, complete item 5. <input checked="" type="checkbox"/> Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.		
2. Basis for Claim: Taxes and/or fees (See instruction #2)		
3. Last four digits of any number by which creditor identifies debtor: 1034	3a. Debtor may have scheduled account as: (See instruction #3a)	3b. Uniform Claim Identifier (optional): (See instruction #3b)
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ 8,388,983.08
Nature of property or right of setoff: <input checked="" type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: Tax Lien		Basis for perfection: Notice of State Tax Lien
Value of Property: \$ _____		Amount of Secured Claim: \$ 8,388,983.08
Annual Interest Rate _____ Varies % <input type="checkbox"/> Fixed or <input checked="" type="checkbox"/> Variable (when case was filed)		Amount Unsecured: General \$232,729.19
5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.		
<input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$12,475*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. §507(a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507(a)(5).		
<input type="checkbox"/> Up to \$2,775* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507(a)(7). <input checked="" type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507(a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507(a)(). Amount entitled to priority: \$ 1,168,333.97		
<small>*Amounts are subject to adjustment on 4/01/16 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small>		
6. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)		

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Case 2:13-bk-23787-TD Claim 1 Filed 05/07/15 Desc Main Document Page 3 of 4
B10 (Official Form 10) (04/13) 1323787

7. Documents: Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, security agreements, or, in the case of a claim based on an open-end or revolving consumer credit agreement, a statement providing the information required by FRBP 3001(c)(3)(A). If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached. If the claim is secured by the debtor's principal residence, the Mortgage Proof of Claim Attachment is being filed with this claim. (See instruction #7, and the definition of "**redacted**".)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

8. Signature: (See instruction #8)

Check the appropriate box.

- I am the creditor. I am the creditor's authorized agent. I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Tahereh Navabian

Title: Franchise Tax Board Claim Agent

Company: Franchise Tax Board

/s/: Tahereh Navabian

05/07/15

Address and telephone number (if different from notice address above):

(Signature)

(Date)

Telephone number: (916) 845-4750 email:

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

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BANKRUPTCY SECTION MS A340
FRANCHISE TAX BOARD
PO BOX 2952
SACRAMENTO CA 95812-2952

Phone: (916) 845-4750 Fax: (916) 845-9799

Date: 05/07/15
Bankruptcy Case Number: 1323787
Petition Date: 05/24/2013
Debtor Name: HALSEY M MINOR

Attachment

Franchise Tax Board (FTB) reserves the right to amend this claim/request based on any audit or investigation of any filed income tax returns or any other audit or investigation.

FTB reserves the right to amend this claim/request in accordance with applicable law, including, without limitation, modifying the amounts claimed as an administrative expense, secured, priority, and unsecured for the purposes of this bankruptcy case.

FTB reserves the right to amend this claim/request to add additional penalties and interest.

FTB's records indicate an income tax return has **not** been filed for the following tax year(s):
N/A

Accordingly, FTB reserves the right to amend this claim/request based upon receipt of such income tax return(s), any audit or investigation of such return(s), or any other audit or investigation.

FTB's claim, to the extent it is secured, is secured by all property and rights to property whether real or personal, tangible or intangible, including all after-acquired property and rights to property, belonging to the debtor(s) and located in this state. (California Revenue & Taxation Code §19221; California Government Code § 7170.) Should the value of the collateral be determined to be less than the amount of the secured claim or should the lien be avoided in whole or in part, FTB reserves the right to amend this claim to state its unsecured non-priority claim and its unsecured priority claim.

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EXHIBIT “B”

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Fill in this information to identify the case:

Debtor 1 HALSEY MCLEAN MINOR
Debtor 2 _____
(Spouse, if filing) _____
United States Bankruptcy Court for the: CENTRAL District of CALIFORNIA
(State)
Case number 2:13-BK-23787-BR

Official Form 410

Proof of Claim

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Who is the current creditor?		Department of the Treasury - Internal Revenue Service Name of the current creditor (the person or entity to be paid for this claim)	
		Other names the creditor used with the debtor _____	
2. Has this claim been acquired from someone else?		<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
3. Where should notices and payments to the creditor be sent? Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)		Where should notices to the creditor be sent?	Where should payments to the creditor be sent? (if different)
		Internal Revenue Service Name P.O. Box 7346 Number Street	Internal Revenue Service Name P.O. Box 7317 Number Street
		Philadelphia PA 19101-7346 City State ZIP Code	Philadelphia PA 19101-7317 City State ZIP Code
		Contact phone 1-800-973-0424	Contact phone 1-800-973-0424
		Contact email _____	Contact email _____
		Creditor Number: <u>33925033</u>	
		Uniform claim identifier for electronic payments in chapter 13 (if you use one) _____	
4. Does this claim amend one already filed?		<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Claim number on court claims registry (if known) <u>3</u> Filed on: <u>07/29/2013</u> MM / DD / YYYY	
5. Do you know if anyone else has filed a proof of claim for this claim?		<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	

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Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?		<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: <u>See Attachment</u>
7. How much is the claim? \$ 25,916,478.45		Does this amount include interest or other charges? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).	
8. What is the basis of the claim?		Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information.	
Taxes _____			
9. Is all or part of the claim secured?		<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. The claim is secured by a lien on property. Nature of property: <input checked="" type="checkbox"/> Real Estate. If the claim is secured by the debtor's principal residence, file a Mortgage Proof of Claim Attachment (Official Form 410-A) with this Proof of Claim. <input checked="" type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other. Describe: *All of debtor(s) right, title and interest to property - 26 U.S.C. §6321.	
		Basis for perfection: See Attachment Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)	
		Value of Property: \$ _____	
		Amount of the claim that is secured: \$ 24,857,210.48	
		Amount of the claim that is unsecured: \$ 1,059,267.97 (The sum of the secured and unsecured amounts should match the amount in line 7.)	
		Amount necessary to cure any default as of the date of the petition: \$ _____	
		Annual Interest Rate (when case was filed) 3 % <input type="checkbox"/> Fixed <input checked="" type="checkbox"/> Variable	
10. Is this claim based on a lease?		<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Amount necessary to cure any default as of the date of the petition. \$ _____	
11. Is this claim subject to a right of setoff?		<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Identify the property See Attachment	

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12. Is all or part of the claim entitled to priority under 11 U.S.C. §507(a)?	<input type="checkbox"/> No	Amount entitled to priority
	<input checked="" type="checkbox"/> Yes. Check all that apply:	
A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.	<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	\$ _____
	<input type="checkbox"/> Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	\$ _____
	<input type="checkbox"/> Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	\$ _____
	<input checked="" type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	\$ <u>997,869.07</u>
	<input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	\$ _____
	<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)(____) that applies.	\$ _____

*Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it.

FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both.
18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

- I am the creditor.
 I am the creditor's attorney or authorized agent.
 I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
 I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this Proof of Claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this Proof of Claim and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 03/08/2018
MM / DD / YYYY

/s/ NEAL KAKUSKE
(Signature)

Print the name of the person who is completing and signing this claim:

Name	<u>NEAL</u>	KAKUSKE
	First name	Middle name
Title	<u>Insolvency Advisor</u>	
Company	<u>Internal Revenue Service</u>	
	Identify the corporate servicer as the company if the authorized agent is a servicer.	
Address	<u>Insolvency Group 1 300 North Los Angeles St. M/S 5022</u>	
	Number	Street
	<u>Los Angeles</u>	CA
	City	State
		ZIP Code

Contact Phone (213) 372-4330

Email: _____

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Proof of Claim for Internal Revenue Taxes

Department of the Treasury/Internal Revenue Service



Form 410
Attachment

In the Matter of: HALSEY MCLEAN MINOR
619 TRENTON AVE
BEVERLY HILLS, CA 90210

Amendment No. 1 to Proof of Claim dated 07/26/2013.

Case Number
2:13-BK-23787-BR

Type of Bankruptcy Case
CHAPTER 7A

Date of Petition
05/24/2013

The United States has not identified a right of setoff or counterclaim. However, this determination is based on available data and is not intended to waive any right to setoff against this claim debts owed to this debtor by this or any other federal agency. All rights of setoff are preserved and will be asserted to the extent lawful.

Secured Claims (Notices of Federal tax lien filed under internal revenue laws before petition date)								
Taxpayer ID Number	Kind of Tax	Tax Period	Date Tax Assessed	Tax Due	Penalty to Petition Date	Interest to Petition Date	Notice of Tax Lien Filed: Date	Office Location
XXX-XX-1034	INCOME	12/31/2007	11/17/2008	\$9,419,835.79	\$2,512,026.50	\$2,166,086.53	02/17/2009 03/03/2009 07/11/2011	LOS ANGELES COU SAN FRANCISCO Albemarle Count
XXX-XX-1034	INCOME	12/31/2008	11/23/2009	\$6,602,407.00	\$1,862,682.14	\$1,032,796.27	07/11/2011 03/04/2011 07/11/2011	LOS ANGELES COU SAN FRANCISCO Albemarle Count
XXX-XX-1034	INCOME	12/31/2009	11/15/2010	\$897,031.00	\$250,244.39	\$99,647.15	03/04/2011 07/11/2011 07/11/2011	SAN FRANCISCO LOS ANGELES COU Albemarle Count
XXX-XX-1034	INCOME	12/31/2009	07/30/2012	\$12,383.00	\$695.15	\$1,375.56	05/09/2013 05/09/2013	LOS ANGELES COU SAN FRANCISCO Albemarle Count
				\$16,931,656.79	\$4,625,648.18	\$3,299,905.51		
Total Amount of Secured Claims:							\$24,857,210.48	

Unsecured Priority Claims under section 507(a)(8) of the Bankruptcy Code

Taxpayer ID Number	Kind of Tax	Tax Period	Date Tax Assessed	Tax Due	Interest to Petition Date
XXX-XX-1034	INCOME	12/31/2008	08/01/2011	\$622.00	\$97.31
XXX-XX-1034	INCOME	12/31/2011	1 Unassessed-No Return	\$964,640.25	\$32,509.51
				\$965,262.25	\$32,606.82

Total Amount of Unsecured Priority Claims: \$997,869.07

Unsecured General Claims

Penalty to date of petition on unsecured priority claims (including interest thereon) \$61,398.90

Total Amount of Unsecured General Claims: \$61,398.90

1 UNASSESSED TAX LIABILITY(IES) HAVE BEEN LISTED ON THIS CLAIM BECAUSE OUR RECORDS SHOW NO RETURN(S) FILED. WHEN THE DEBTOR(S) FILES THE RETURN OR PROVIDES OTHER INFORMATION AS REQUIRED BY LAW THE CLAIM WILL BE AMENDED

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COURT RECORDING DATA

INTERNAL REVENUE SERVICE FACSIMILE FEDERAL TAX LIEN DOCUMENT BANKRUPTCY DOCKET: 2:13-BK-23787-BR	Lien Recorded : 05/09/2013 - 08:34AM Recording Number: 20130698125 UCC Number : Liber : Page :
Area: SMALL BUSINESS/SELF EMPLOYED #7 Lien Unit Phone: (800) 913-6050	IRS Serial Number: 936822513

This Lien Has Been Filed in Accordance with
Internal Revenue Regulation 301.6323(f)-1.

Name of Taxpayer:

HALSEY M MINOR

Residence:

2672 CELAYA CIR
SAN RAMON, CA 94583-2042

With respect to each assessment below, unless notice of lien
is refiled by the date in column(e), this notice shall constitute
the certificate of release of lien as defined in IRC 6325(a).

Form (a)	Period (b)	ID Number (c)	Assessed (d)	Refile Deadline (e)	Unpaid Balance (f)
1040	12/31/2009	XXX-XX-1034	07/30/2012	08/29/2022	\$13,426.15

Filed at: COUNTY RECORDER LOS ANGELES COUNTY NORWALK, CA 90650	Total	\$13,426.15
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This notice was prepared and executed at OAKLAND, CA
on this, the 30th day of April, 2013.

Authorizing Official: PAUL ENJALRAN	Title: REVENUE OFFICER	27-02-1315
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COURT RECORDING DATA

INTERNAL REVENUE SERVICE FACSIMILE FEDERAL TAX LIEN DOCUMENT BANKRUPTCY DOCKET: 2:13-BK-23787-BR	Recording Number: UCC Number : Liber : Page :
Area: SMALL BUSINESS/SELF EMPLOYED #7 Lien Unit Phone: (800) 913-6050	IRS Serial Number: 936822613

This Lien Has Been Filed in Accordance with
Internal Revenue Regulation 301.6323(f)-1.

Name of Taxpayer:

HALSEY M MINOR

Residence:

2672 CELAYA CIR
SAN RAMON, CA 94583-2042

With respect to each assessment below, unless notice of lien
is refiled by the date in column(e), this notice shall constitute
the certificate of release of lien as defined in IRC 6325(a).

Form (a)	Period (b)	ID Number (c)	Assessed (d)	Refile Deadline (e)	Unpaid Balance (f)
1040	12/31/2009	XXX-XX-1034	07/30/2012	08/29/2022	\$13,426.15

Filed at: COUNTY RECORDER SAN FRANCISCO SAN FRANCISCO, CA 94102	Total	\$13,426.15
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This notice was prepared and executed at OAKLAND, CA
on this, the 30th day of April, 2013.

Authorizing Official: PAUL ENJALRAN	Title: REVENUE OFFICER	27-02-1315
--	---------------------------	------------

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COURT RECORDING DATA

INTERNAL REVENUE SERVICE FACSIMILE FEDERAL TAX LIEN DOCUMENT BANKRUPTCY DOCKET: 2:13-BK-23787-BR	Lien Recorded : 05/09/2013 - 11:08AM Recording Number: 2013-00000698 UCC Number : Liber : Page :
Area: SMALL BUSINESS/SELF EMPLOYED #7 Lien Unit Phone: (800) 913-6050	IRS Serial Number: 936822713

This Lien Has Been Filed in Accordance with
Internal Revenue Regulation 301.6323(f)-1.

Name of Taxpayer:

HALSEY M MINOR

Residence:

2672 CELAYA CIR
SAN RAMON, CA 94583-2042

With respect to each assessment below, unless notice of lien
is refiled by the date in column(e), this notice shall constitute
the certificate of release of lien as defined in IRC 6325(a).

Form (a)	Period (b)	ID Number (c)	Assessed (d)	Refile Deadline (e)	Unpaid Balance (f)
1040	12/31/2009	XXX-XX-1034	07/30/2012	08/29/2022	\$13,426.15

Filed at: Clerk of the Circuit Court Albemarle County Charlottesville, VA 22901	Total	\$13,426.15
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This notice was prepared and executed at OAKLAND, CA
on this, the 30th day of April, 2013.

Authorizing Official: PAUL ENJALRAN	Title: REVENUE OFFICER	27-02-1315
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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 1900 Avenue of the Stars, 21st Floor, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled (*specify*): **STIPULATION AMONG CHAPTER 7 TRUSTEE, UNITED STATES OF AMERICA, AND FRANCHISE TAX BOARD REGARDING PAYMENT OF CLAIMS** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) September 4, 2018, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) September 4, 2018, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) September 4, 2018, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA Messenger

The Honorable Barry Russell
United States Bankruptcy Court
Central District of California
Edward R. Roybal Federal Building and Courthouse
255 E. Temple Street, Ste. 1660
Los Angeles, CA 90012

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

September 4, 2018 Julie King /s/ Julie King
Date Printed Name Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

- Keith Patrick Banner kbanner@greenbergglusker.com, sharper@greenbergglusker.com
- James Cornell Behrens jbehrens@milbank.com
- Jacquelyn H Choi jchoi@swesq.com
- Karen P Ciccone karen.ciccone@akerman.com, helen.serrano@akerman.com;irene.basselfrick@akerman.com
- Jennifer Witherell Crastz jcrastz@hemar-rousso.com, DBrotman@hrhllaw.com
- Robert L Eisenbach reisenbach@cooley.com, efiling-notice@ecf.pacerpro.com
- Barry S Glaser bglaser@swesq.com, erhee@swesq.com
- Eddie R Jimenez efcacab@aldridgeppte.com, erj@ecf.inforuptcy.com;ejimenez@aldridgeppte.com
- Cori B Jones cjones@wrightlegal.net, spolin@wrightlegal.net
- Payam Khodadadi pkhodadadi@mguirewoods.com, dkiker@mguirewoods.com
- Paul H Kim Pkim@counsel.lacounty.gov
- Kenneth G Lau kenneth.g.lau@usdoj.gov
- Katie Q Le kle@mclaw.org
- Angie S Lee angie@srlawyers.com
- Jennifer Leland JLeland@robinskaplan.com, dvaughn@robinskaplan.com
- Adam A Lewis alewis@mofo.com, adam-lewis-3473@ecf.pacerpro.com
- Carissa A Lynch Carissa.Lynch@ftb.ca.gov, Martha.Gehrig@ftb.ca.gov
- C John M Melissinos jmeliessinos@greenbergglusker.com, kwoodson@greenbergglusker.com;calendar@greenbergglusker.com;jking@greenbergglusker.com
- James P Menton JPMenton@rkmc.com, dvaughn@robinskaplan.com
- Nancy Newman nnewman@hansonbridgett.com, ajackson@hansonbridgett.com;calendarclerk@hansonbridgett.com
- Courtney E Norton cnorton@greenbergglusker.com, kwoodson@greenbergglusker.com;jking@greenbergglusker.com;calendar@greenbergglusker.com
- Andrew Patterson andrewpatterson@dwt.com
- Brian M Rothschild brothschild@parsonsbehle.com, usclawyer@yahoo.com;ecf@parsonsbehle.com
- Jason M Rund (TR) trustee@srlawyers.com, jrund@ecf.epiqsystems.com
- Melanie Scott melanie.scott@usdoj.gov
- Najah J Shariff najah.shariff@usdoj.gov, USACAC.criminal@usdoj.gov
- David B Shemano dshemano@shemanolaw.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- Gilbert B Weisman notices@becket-lee.com
- Kirsten A Worley kw@wlawcorp.com, admin@wlawcorp.com
- Robert P Zahradka efcacab@aldridgeppte.com, RPZ@tblaw.com

2. SERVED BY UNITED STATES MAIL:

<u>Debtor</u>	<u>UST</u>	Kirsten Worley
Halsey McLean Minor	Melanie Scott Green, Esq.	Worley Law P.C.
619 Trenton Ave	United States Trustee	1572 Second Ave.,
Beverly Hills, CA 90210	915 Wilshire Blvd., Suite 1850	San Diego, CA 92101
	Los Angeles, CA 90017	

Ch. 7 Trustee
Jason M. Rund, Trustee
Sheridan & Rund
840 Apollo Street, Suite 351
El Segundo, CA 90245-4762

Attys for Sotheby's, Inc.
Adam A. Lewis, Esq.
Vincent J. Novak, Esq.
Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105-2482

Najah J. Shariff
Assistant United States
Attorney Tax Division
United States Attorney's Office
Central District of California
300 N. Los Angeles Street Ste.
7211
Los Angeles, California 90012

Secured Creditor
Internal Revenue Service
PO Box 7346
Philadelphia, PA 19101-7346

Christie's Inc.
20 Rockefeller Plaza
New York, NY 10020

Attys for Debtor
David B. Shemano
ShemanoLaw
1801 Century Park East, Ste. 1600
Los Angeles, CA 90067

Paul Enjalran
Internal Revenue Service
1301 Clay Street Stop 1040-S
Oakland, CA 94612

Secured Creditor
Franchise Tax Board
Bankruptcy Section MS A340
PO Box 2952
Sacramento, CA 95812-2952

Joyce Flaherty
350 S Spalding Penthouse,
Beverly Hills, CA 90212-3605

Sitrick & Company
1840 Century Park East, Suite
800,
Los Angeles, CA 90067-2109

Laura J. Mullin
Attorney, SB/SE
IRS Office of Chief Counsel
300 N. Los Angeles St. Ste. 3018
Los Angeles, 90012

Neal Kakuske
Insolvency Advisor
IRS
Insolvency Group I
300 N. Los Angeles St. M/S 5022
Los Angeles, CA 90012

Franchise Tax Board
Attn: Carissa Lynch, Esq.
PO Box 1720, MS: A-260
Rancho Cordova, CA 95741-1720

Susie Minor
4634 Catterton Road,
Free Union, VA 22940-1903

Ames, Sheppard Kellam
1530 St Mary's Street
Raleigh NC 27608

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 1900 Avenue of the Stars, 21st Floor, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled (*specify*): **CHAPTER 7 TRUSTEE'S MOTION FOR ORDER APPROVING STIPULATION AMONG CHAPTER 7 TRUSTEE, UNITED STATES OF AMERICA, AND FRANCHISE TAX BOARD REGARDING PAYMENT OF CLAIMS; DECLARATION OF JASON M. RUND IN SUPPORT THEREOF** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) September 4, 2018, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

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Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) September 4, 2018, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA Messenger

The Honorable Barry Russell
United States Bankruptcy Court
Central District of California
Edward R. Roybal Federal Building and Courthouse
255 E. Temple Street, Ste. 1660
Los Angeles, CA 90012

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

September 4, 2018 Julie King
Date Printed Name

/s/ Julie King
Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

- Keith Patrick Banner kbanner@greenbergglusker.com, sharper@greenbergglusker.com
- James Cornell Behrens jbehrens@milbank.com
- Jacquelyn H Choi jchoi@swesq.com
- Karen P Ciccone karen.ciccone@akerman.com, helen.serrano@akerman.com;irene.basselfrick@akerman.com
- Jennifer Witherell Crastz jcrastz@hemar-rousso.com, DBrotman@hrhlaw.com
- Robert L Eisenbach reisenbach@cooley.com, efiling-notice@ecf.pacerpro.com
- Barry S Glaser bglaser@swesq.com, erhee@swesq.com
- Eddie R Jimenez ecfcacb@aldridgepite.com, erj@ecf.inforuptcy.com;ejimenez@aldridgepite.com
- Cori B Jones cjones@wrightlegal.net, spolin@wrightlegal.net
- Payam Khodadadi pkhodadadi@mcmuirewoods.com, dkiker@mcmuirewoods.com
- Paul H Kim Pkim@counsel.lacounty.gov
- Kenneth G Lau kenneth.g.lau@usdoj.gov
- Katie Q Le kle@mclaw.org
- Angie S Lee angie@srlawyers.com
- Jennifer Leland JLeland@robinskaplan.com, dvaughn@robinskaplan.com
- Adam A Lewis alewis@mofo.com, adam-lewis-3473@ecf.pacerpro.com
- Carissa A Lynch Carissa.Lynch@ftb.ca.gov, Martha.Gehrig@ftb.ca.gov
- C John M Melissinos jmelissinos@greenbergglusker.com, kwoodson@greenbergglusker.com;calendar@greenbergglusker.com;jking@greenbergglusker.com
- James P Menton JPMenton@rkmc.com, dvaughn@robinskaplan.com
- Nancy Newman nnewman@hansonbridgett.com, ajackson@hansonbridgett.com;calendarclerk@hansonbridgett.com
- Courtney E Norton cnorton@greenbergglusker.com, kwoodson@greenbergglusker.com;jking@greenbergglusker.com;calendar@greenbergglusker.com
- Andrew Patterson andrewpatterson@dwt.com
- Brian M Rothschild brothschild@parsonsbehle.com, usclawyer@yahoo.com;ecf@parsonsbehle.com
- Jason M Rund (TR) trustee@srlawyers.com, jrund@ecf.epiqsystems.com
- Melanie Scott melanie.scott@usdoj.gov
- Najah J Shariff najah.shariff@usdoj.gov, USACAC.criminal@usdoj.gov
- David B Shemano dshemano@shemanolaw.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- Gilbert B Weisman notices@becket-lee.com
- Kirsten A Worley kw@wlawcorp.com, admin@wlawcorp.com
- Robert P Zahradka efcacab@aldridgepite.com, RPZ@tblaw.com

2. SERVED BY UNITED STATES MAIL:

<u>Debtor</u>	<u>UST</u>	Kirsten Worley
Halsey McLean Minor	Melanie Scott Green, Esq.	Worley Law P.C.
619 Trenton Ave	United States Trustee	1572 Second Ave.,
Beverly Hills, CA 90210	915 Wilshire Blvd., Suite 1850	San Diego, CA 92101
	Los Angeles, CA 90017	

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

Ch. 7 Trustee

Jason M. Rund, Trustee
Sheridan & Rund
840 Apollo Street, Suite 351
El Segundo, CA 90245-4762

Attys for Sotheby's, Inc.

Adam A. Lewis, Esq.
Vincent J. Novak, Esq.
Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105-2482

Najah J. Shariff

Assistant United States
Attorney Tax Division
United States Attorney's Office
Central District of California
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Los Angeles, California 90012

Secured Creditor

Internal Revenue Service
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Philadelphia, PA 19101-7346

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New York, NY 10020

Attys for Debtor

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Robins, Kaplan
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Paul Enjalran
Internal Revenue Service
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Oakland, CA 94612

Secured Creditor

Franchise Tax Board
Bankruptcy Section MS A340
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Joyce Flaherty

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Neal Kakuske
Insolvency Advisor
IRS
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Franchise Tax Board
Attn: Carissa Lynch, Esq.
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Rancho Cordova, CA 95741-1720

Susie Minor

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